LONDON LIFE INSURANCE COMPANY ANNUAL REPORT 1970 SERVING CANADIANS FOR 96 YEARS

THE COVER

During 1970 London Life initiated and sponsored its first hour-long television special, "The Early Years." Russ Jackson, one of Canada's most honored athletes and a high school principal, was retained as spokesman for the Company. In one of three commercials, Mr. and Mrs. Jackson appeared together, along with their children, Suzanne, Nancy and Kevin.

The program reviewed the years from birth to starting school, and illustrated how school and family environment can influence a child's failure or success. Reaction from both press and public was so favorable that copies of the film are being lent to schools, universities, associations and other groups. Moreover, brochures based on the show have been distributed on request to many thousands of viewers.

Further programs, on forces that are reshaping marriage and life styles, will be broadcast early in 1971. The series, "The Human Journey," includes interviews with psychologists and other experts, along with the results of studies and experiments. In this way, the programs are helping contribute to current knowledge.

London Life Insurance Company

Head Office: London, Canada

HIGHLIGHTS

96th Annual Report
Year Ended December 31, 1970

(all dollar amounts stated in thousands)	1970	1969	% Increase (Decrease)
New life insurance issued	**$ 1,193,396** 000 R.	$ 1,184,220 000	.8
Individual policies	**986,761**	959,815	2.8
Group policies	**206,635**	224,405	(7.9)
Life insurance in force	**$11,417,268** 000	$10,820,297 000	5.5
Individual policies	**8,746,056**	8,332,437	5.0
Group policies	**2,636,312**	2,450,859	7.6
Industrial policies	**34,900**	37,001	(5.7)
Increase in insurance in force	**596,971** 000	638,860	(6.6)
Group pension plans in force	**1,557**	1,569	(.8)
Health insurance plans in force	**3,848**	3,713	3.6
Mortgage investments	**$ 1,181,468**	$ 1,149,553	2.8
Bonds, debentures, stocks	**285,497**	257,790	10.7
Loans on policies	**101,875**	87,191	16.8
Total assets	**1,628,857**	1,546,439	5.3
Net earnings on investments	**6.52%**	6.37%	—
Dividends paid to policyowners	**$ 39,465**	$ 36,858	7.1
Total benefits paid	**160,263**	171,910	(6.8)

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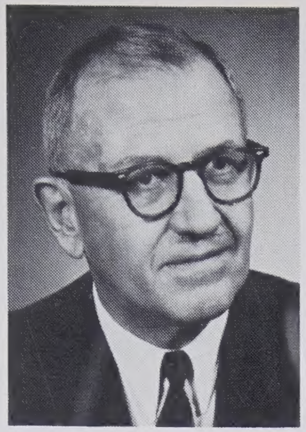
DIRECTORS

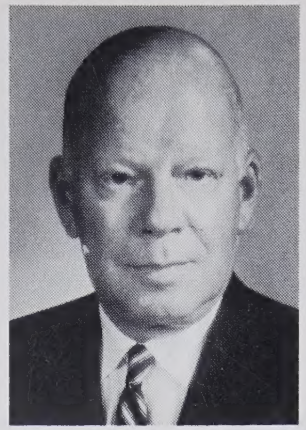
*Member of Executive Committee

JOSEPH JEFFERY,
O.B.E., Q.C.*
Chairman of the Board

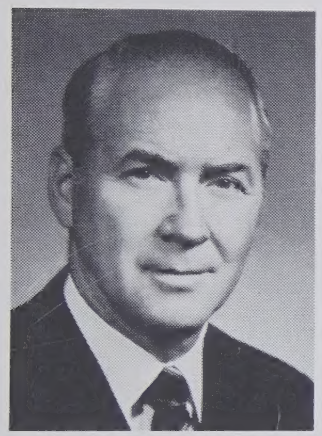
ROBERT H. REID*
President



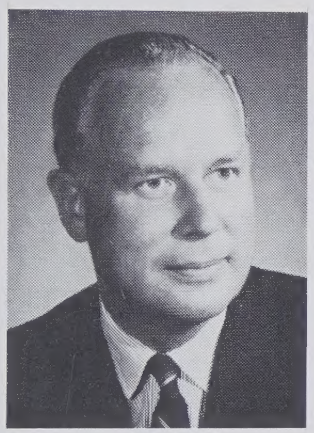
ALEXANDER H.
JEFFERY, Q.C.*
First Vice-President



ALBERT W.
ANDERSON
Executive Vice-President

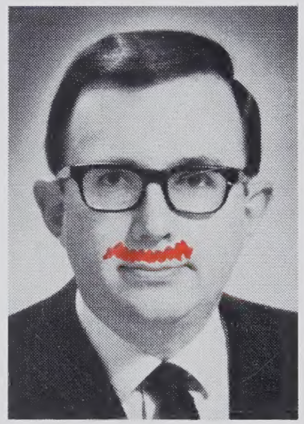


ALEX E. BARRON
Chairman
Canadian Tire
Corporation Limited



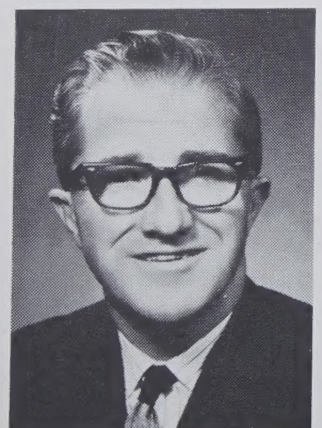
JOHN B. CRONYN
Executive Vice-President,
Corporate Affairs
John Labatt Ltd.

W. BRADLEY
GRANGER*
Vice-President
Granger-Taylor Ltd.



GORDON D. JEFFERY
Partner
Jeffery and Jeffery

ALLEN T. LAMBERT
Chairman and President
The Toronto-Dominion
Bank



DONALD SMITH
President
Ellis-Don Limited

J. ALLYN TAYLOR*
Chairman and President
Canada Trust—
Huron and Erie
Mortgage Corporation

JOHN J. WETTLAUFER
Dean,
School of Business
Administration,
University of
Western Ontario

DIRECTORS' REPORT

The Directors have pleasure in presenting their ninety-sixth annual report for the year ended December 31, 1970.

New life insurance totals $1,193,395,934, another record for the Company. Sales of individual office pay insurance amounted to $796,293,041, an increase of 8.2% over the previous year. Sales of individual district pay insurance showed a decline following the trend of the last few years, while group insurance sales were lower than last year. The gain in insurance in force amounted to $596,971,712, a reduction of 6.6%, caused largely by higher terminations.

Total assets increased by 5.3% and amounted to $1,628,856,982. The net interest rate earned on the life branch assets increased to 6.52% before federal investment income tax, the highest rate in over 40 years.

The financial statement again shows the sound financial position of the Company. The investment reserve fund has been increased by $1,000,000 and now stands at $30,300,000. The unassigned surplus of the Company has been increased by $4,032,795 as compared to $3,754,437 in 1969. The more gradual growth in unassigned surplus in the past 2 years reflects the new corporate income taxes of $8,797,260 in 1970 and $7,463,879 in 1969.

It is a satisfaction to announce that the Health Insurance Branch reached a break-even position for the year, recording only a minor reduction in unassigned surplus of $1,482, as compared to heavy losses sustained in 1969. Improved claims experience, as well as reductions in administrative costs, were the major contributing factors.

The annual premium in force in the Health Insurance Branch now totals $22,239,249, a decrease of $241,455. Introduction of a provincial medicare program in Quebec lowered the annual premium by $1,369,942, but this was largely offset by a net gain of sales over terminations of $1,128,487.

The mortality experience for individual policies showed a modest reduction from last year's level. Group life mortality was moderately lower than in 1969.

Expense rates for individual policies showed an increase over 1969. Group life and group annuity expense rates experienced a small decline.

The conscientious and devoted efforts of all members of the Company are reflected in the results set forth in this report. The Directors express their sincere thanks and appreciation for the staff's contribution during 1970.

Joseph Jeffery
Chairman of the Board

R. H. Reid
President

1970 — A YEAR OF PROGRESS

In many ways, the past year provided a strong and optimistic beginning for the new decade of the 1970's.

New products were introduced to meet the changing needs and desires of Canadians, earnings on investments were further improved, and steps were taken to enhance the effectiveness of the Company's operations. Moreover, despite some slackening in the Canadian economy, sales of life insurance set a new high of $1.193 billion.

During 1970 London Life became the first company to provide Canadians with $11 billion of life insurance. By year end, the amount of this financial protection was at an all-time high of $11.4 billion, about 10% of all life insurance in force in Canada.

To place this achievement in perspective, London Life took 70 years, after its founding in 1874, to reach the level of $1 billion of insurance in force. During the 24 years following 1944, some $9 billion of insurance was added — an average of $1 billion every 32 months. The latest $1 billion was added in just 19 months. This is an indication of the growing importance of life insurance and the increased acceptance by Canadians of London Life's many products and services.

Rise in Permanent Sales

Sales of individual life insurance policies amounted to more than $986 million, a new high and an increase of $27 million over 1969.

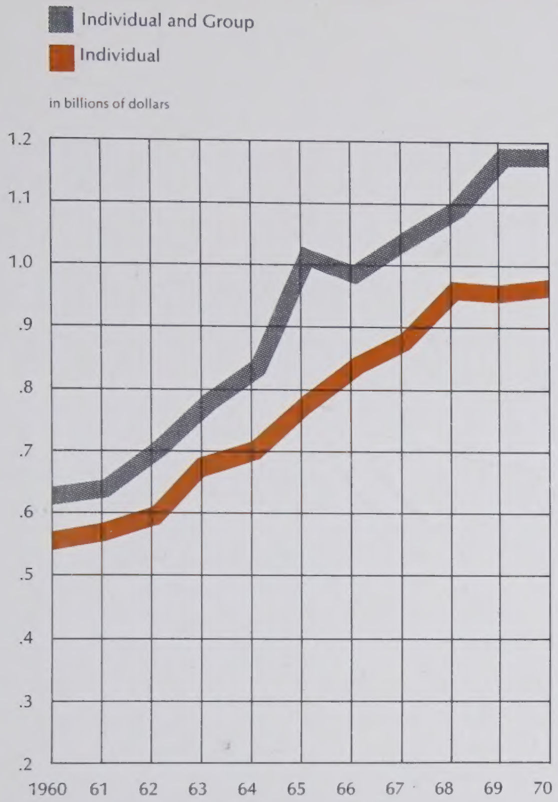
Endowment and other permanent policies were up in comparison with 1969, while term sales were lower. Doubtless the general downturn in stock prices during the past two years has decreased the public's enthusiasm for direct investments in stock markets, and increased their awareness of the values of permanent life insurance and the benefits of compound interest.

For clients who seek policies combining permanent life insurance with investment in a professionally-managed portfolio of stocks, real estate and other equities, London Life introduced three participating plans during the spring of 1970 — Equity Whole Life, Equity Life Premiums to 65, and Equity Endowment at 65. In each of these plans, equity participation is optional to the extent of 25%, 50%, 75% or 100% of the basic reserves, with any balance directed to the regular funds of the Company. These contracts feature a guaranteed minimum death benefit equal to the basic amount of insurance. However, other values will depend on the performance of the equity fund.

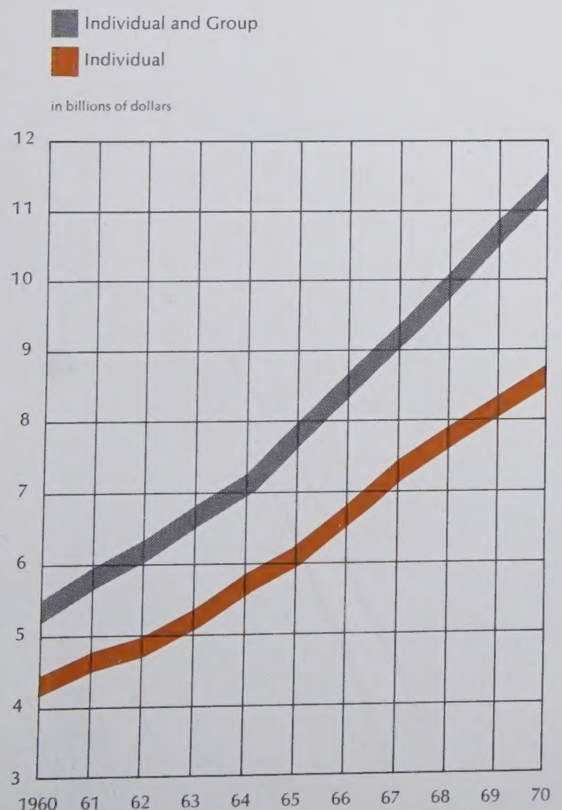
Equity policies are issued only in amounts of $10,000 or more, and are primarily for clients who are well aware of the substantial fluctuations of stock markets. By year end, over 5,000 policies, providing more than $66 million in insurance, were in force. Despite difficult stock market conditions, and the fact that most Canadian funds sustained losses during the year, the investment fund for these plans rose from a value per unit of $10 at its beginning in October, 1969, to $10.84 at the close of 1970.

The new Step-Rate Life plan also proved popular during 1970. Sales totalled more than $24 million, with an average policy size of $36,500. Introduced near the close of 1969, this plan is primarily for substantial amounts of business coverage, where the

Growth of New Life Insurance Issued



Growth of Life Insurance in Force



initial premiums are to be kept as low as possible.

A new premium structure has been implemented for all policies issued after January 1, 1971, based on mortality tables reflecting London Life's recent experience, higher interest assumptions, and current and anticipated levels of expenses. In a related move, London Life became one of the few companies insuring by age at last birthday, rather than age at nearest birthday, thus lowering the insuring age for many clients.

Two specialized participating policies, Preferred Life and Preferred Life to 65, were also introduced at the beginning of 1971. Both plans are highly attractive from an initial cost standpoint and should prove useful for larger amounts of coverage. The minimum size of policy is $25,000.

Fewer applicants will need medical examinations, under new underwriting rules introduced during the year. Moreover, when there has been a recent examination for coverage with London Life, a new concept of granting higher amounts of coverage was introduced. When new medical evidence is required, the Company has authorized the use of paramedical centres, where tests are undertaken by trained personnel other than physicians. Such centres have been approved in Montreal and Toronto, and additional centres are expected to open in other Canadian cities during the months ahead.

The new provisions of the Income Tax Act regarding the taxation of gains on surrender or maturity of insurance policies — other than death — came into full effect in 1970. London Life moved to provide the necessary procedures for computing the gain, if any, which could be subject to tax. Few policies were actually subject to tax during 1970. For many years, the impact on individual policies will continue to be very small.

New Concept in Group Coverage

Sales of group life insurance, at $206 million, were down somewhat from the unusually high level of the previous year, but up $81 million from the comparable figure for 1968.

To help meet the changing needs of employers, employees and survivors, London Life introduced Incomeguard benefits during the autumn of 1970. A new concept in group coverage, the plan provides a continuing monthly income for a widow rather than a single lump sum. In most cases, any amount up to half of an employee's regular earnings can be established as income. Cheques can be paid for two, five, ten or twenty years after an employee's death, or until he would have reached 65 years of age.

Incomeguard represents the first in a series of plans. Other more complex forms of survivor income benefits are already under development.

Health Insurance

By January, 1971, all provinces had medicare plans in operation that qualified for federal tax support. Despite growth of the government plans — and in particular the entry of Quebec into the field in November, 1970 — annual premiums in force in the group health branch at year end totalled $22.2 million, a decrease of only $241,000 from 1969.

Healthguard Medical and Dental plans have proven popular since their introduction

As a major supplier of mortgage funds, London Life helps meet the housing needs of Canadian families. The housing units shown are in Calgary, Vancouver and Ottawa.

SUMMARY OF OPERATIONS

Year ended December 31, 1970
with comparative figures for 1969.

	1970		1969	
INCOME				
Premiums and annuity considerations	$207,952,943		$208,130,933	
Less dividends to policyowners . .	39,464,830	$168,488,113	36,858,390	$171,272,543
Earnings from investments	105,529,424		98,561,896	
Less investment expenses	5,997,332	99,532,092	6,074,182	92,487,714
Total		$268,020,205		$263,760,257
DISTRIBUTION				
For policyowners and beneficiaries—				
Death benefits	$ 37,097,059		$ 34,811,369	
Disability benefits	913,810		813,021	
Annuity benefits	16,651,377		20,789,928	
Health insurance benefits	18,908,442		29,805,027	
Matured endowments, cash surrender values and interest on policy or contract funds	47,227,132		48,832,562	
Addition to policy reserves to provide for future payments	70,405,747		55,547,326	
For operating expenses—				
New insurance and field service to policyowners	31,938,502		31,634,011	
Service to policyowners at head and regional offices	26,545,238		25,652,391	
Corporate income taxes	8,797,260		7,463,879	
Premium tax and other taxes . . .	3,466,996		3,479,468	
Contributions to education and public health and welfare . . .	324,989		348,755	
Less release of special reserves for staff pension and system conversion .	400,000		2,500,000	
Total		261,876,552		256,677,737
Gain from operations		$ 6,143,653		$ 7,082,520
Earnings to shareholders	$ 1,110,858		$ 1,028,083	
Addition to investment reserve fund .	1,000,000		1,900,000	
Special reserve for staff pension . .	—		400,000	
Total		2,110,858		3,328,083
Increase in unassigned surplus . .		$ 4,032,795		$ 3,754,437

Actuary's Certificate

The total policy reserves shown in the balance sheet at December 31, 1970, are in excess of those required by the provisions of the Canadian and British Insurance Companies Act, and, in my opinion, make good and sufficient provision for all unmatured obligations of the Company guaranteed under the terms of its policies.

February 4, 1971

THOMAS E. GILL, F.S.A., F.C.I.A.
Vice-President and Chief Actuary

BALANCE SHEET

The life and health insurance branches are combined in these financial statements.

ASSETS	At December 31 1970	1969
The Company has the following assets to meet its obligations to policyowners:		
Bonds and debentures	**$ 270,118,185**	$ 243,980,487
None of these securities is in default.		
Stocks	**15,378,503**	13,809,516
First mortgages and sale agreements	**1,181,468,466**	1,149,553,261
The major proportion of these have helped provide new housing for Canadians.		
Income-producing real estate	**5,843,566**	6,273,974
Properties owned and leased on a long-term basis.		
Real estate—head office premises	**16,398,433**	16,699,607
Properties are shown at cost less amortization.		
—foreclosures of mortgages	**24,382**	—
Loans on policies	**101,875,245**	87,190,862
These loans are fully secured by the cash value of the policies on which the respective loans are made.		
Cash on hand and in banks	**6,089,866**	5,564,841
Segregated investment funds	**10,150,114**	5,501,835
For group pensions and individual equity contracts.		
Electronic data processing equipment	**2,677,179**	164,115
This equipment is valued at cost less amortization.		
Premiums in course of collection	**6,091,804**	6,190,744
Fully secured by policy reserves.		
Interest and dividends accrued	**11,239,895**	10,398,559
This sum represents accruals on investments. No credit is taken for interest overdue and unpaid.		
Miscellaneous assets	**1,501,344**	1,111,564
Total assets	**$1,628,856,982**	$1,546,439,365

Auditors' Report to the Policyowners, Shareholders and Directors

We have examined the balance sheet of the London Life Insurance Company at December 31, 1970, and the summary of operations and the shareholders' account for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances. The reserves and other liabilities under policy contracts were determined and certified by the Company's Chief Actuary.

Bonds and stocks are shown in the balance sheet at values which are not in excess of amortized costs, but in the aggregate exceed

LIABILITIES	At December 31 1970	1969
The liabilities which the Company has assumed are:		
Policy reserves	**$1,111,876,146**	$1,054,949,502
This amount with future premiums and interest earnings provides for the payment of benefits promised on all policies in force.		
Other obligations to policyowners	**266,105,176**	258,974,561
This amount is made up as follows: *$174,439,300, dividends due and left by policyowners to accumulate.* *21,543,257, the proceeds of policies left on deposit for policyowners and beneficiaries.* *39,811,365, provision for all dividends to policyowners earned up to the policy anniversary in 1971.* *23,232,439, for claims where proof is incomplete and for claims which may have occurred but which have not yet been reported.* *7,078,815, advance premiums paid by policyowners.*		
Segregated investment funds	**10,150,114**	5,501,835
For group pensions and individual equity contracts.		
Staff pension and insurance funds	**83,488,448**	76,040,924
This item represents the reserve maintained for benefits under group insurance and pension plans for Company employees.		
Taxes, commissions, and other accounts due and accrued	**7,829,082**	6,891,596
This includes taxes of $2,457,989 payable in 1971.		
Investment reserve fund	**30,300,000**	29,300,000
In addition to the unassigned surplus, the Company's ability to meet its obligations is safeguarded by this investment reserve fund.		
Miscellaneous liabilities	**15,163,311**	15,379,895
	$1,524,912,277	$1,447,038,313
Capital and shareholders' account	**3,646,867**	3,136,009
Included is $1,000,000 of paid-up capital stock.		
Unassigned surplus	**100,297,838**	96,265,043
This provides additional security for policyowners and their beneficiaries and includes $4,032,795 added in 1970.		
Total liabilities, capital and surplus	**$1,628,856,982**	$1,546,439,365

the values permitted by the Canadian and British Insurance Companies Act by approximately $12,400,000, provision for which is included in the investment reserve fund of $30,300,000.

Based upon our examination and the certificate of the Chief Actuary, we report that in our opinion the accompanying balance sheet and the related summary of operations and the shareholders' account present fairly the financial position of the Company as at December 31, 1970, and of the results of its operations for the year ended on that date.

London, Canada, February 4, 1971

CLARKSON, GORDON & CO., *Chartered Accountants*

SHAREHOLDERS' ACCOUNT—1970

INCOME

Shareholders' portion of:	
Profits*	$1,009,205
Earnings from investments	101,653
NET EARNINGS	$1,110,858
Less regular dividends paid to shareholders	600,000
Increase in shareholders' account	$ 510,858
Shareholders' account at beginning of year	2,136,009
SHAREHOLDERS' ACCOUNT AT DECEMBER 31, 1970	$2,646,867

**The divisible profits from the participating branch of the Company's business were $40,368,193 of which 97½ % was allotted to the policyowners and 2½ %, or $1,009,205, to the shareholders' account.*

FIVE-YEAR REVIEW OF CAPITAL AND SHAREHOLDERS' ACCOUNT

	1970	1969	1968	1967	1966
Shareholders' earnings before taxes	**$1,110,858**	$1,028,083	$1,158,458	$1,011,903	$ 940,012
Provision for income taxes	—	—	603,309	510,229	474,528
Net earnings	**1,110,858**	1,028,083	555,149	501,674	465,484
Net earnings per share	**$2.22**	$2.06	$1.11	$1.00	$ .93
Dividends paid per share	**1.20**	1.00	.94	.88	.84
Capital stock paid up 500,000 shares	**$1,000,000**	$1,000,000	$1,000,000	$1,000,000	$1,000,000
Shareholders' account at end of year	**2,646,867**	2,136,009	1,607,926	1,522,777	1,461,103
Total capital and shareholders' account	**3,646,867**	3,136,009	2,607,926	2,522,777	2,461,103
Number of shareholders at end of year	**623**	582	579	615	631

In 1969 and 1970 the total earnings of the Company were subject to corporate income tax in accordance with new taxation regulations, therefore the amount transferred to the shareholders' account was not subject to additional tax. Previously, income tax was levied only on the earnings in the shareholders' account.

by London Life in mid-1969. As a result, premiums from this source reached the $4 million level by the end of 1970. Healthguard Medical supplements the provincial plans on a first-dollar basis, with patients paying part of the costs only on drugs. Healthguard Dental provides for routine dental costs, with options available for orthodontia and major restorative work. Some 330 companies now have our Healthguard Dental plan, and London Life remains one of the few insurers offering such coverage.

Income replacement sales amounted to $1.7 million in premiums during the year. This helped bring the total new premiums in the health branch to $3.8 million, a decrease from the record level of the previous year but substantially above the figure for 1968.

At year end, employees of 3,848 organizations were insured under London Life's health plans, an increase of 135 over 1969. Claims fell to more normal levels, after reaching unusually high figures the previous year.

Group Mortgage Fund Grows

Benefits of government pension and old age assistance plans may have increased somewhat in recent years, but most people recognize these levels are still not adequate for their needs. With this in mind, London Life offers a variety of ways of funding group pensions.

During 1970 dramatic growth occurred in the new mortgage fund for group pensions. Deposits for 1970, the first full year in which the fund was open for investment, amounted to about $2.5 million. Attracted by the stability and high investment yield in long-term mortgages, together with the awareness of London Life's expertise in this field, many additional companies are expressing interest in mortgages for at least part of their pension funding.

With the mortgage fund, as with the fixed income fund and equity fund that have been available since 1962 for group contracts, the investment risk is not undertaken by London Life and the Company does not guarantee the returns. By year end, 63 groups were participating in one or more of these funds. Total assets under administration were valued at $9.2 million. This compares favorably with 32 groups and $4.6 million at the end of 1969.

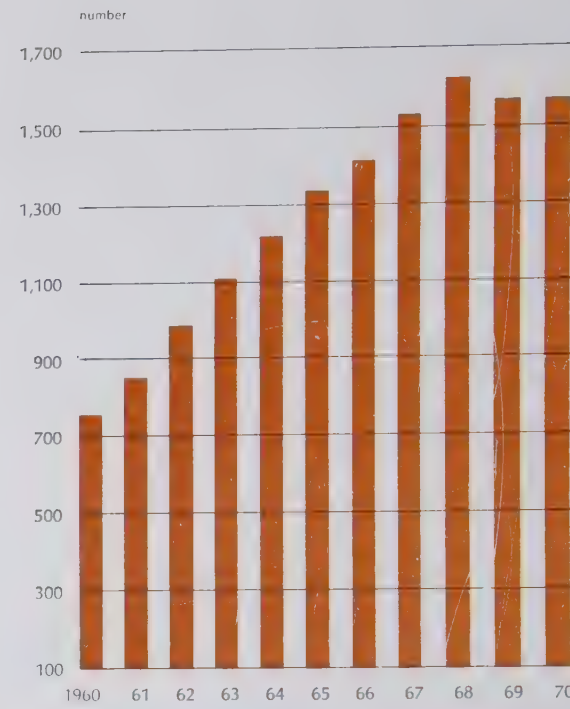
Group annuities, guaranteed plans in which London Life undertakes the risk of investment, continue to attract the bulk of participation. New money from the 1,536 groups in force amounted to over $10 million in 1970, and at year end the reserves were more than $148 million.

Benefits Total $160 Million

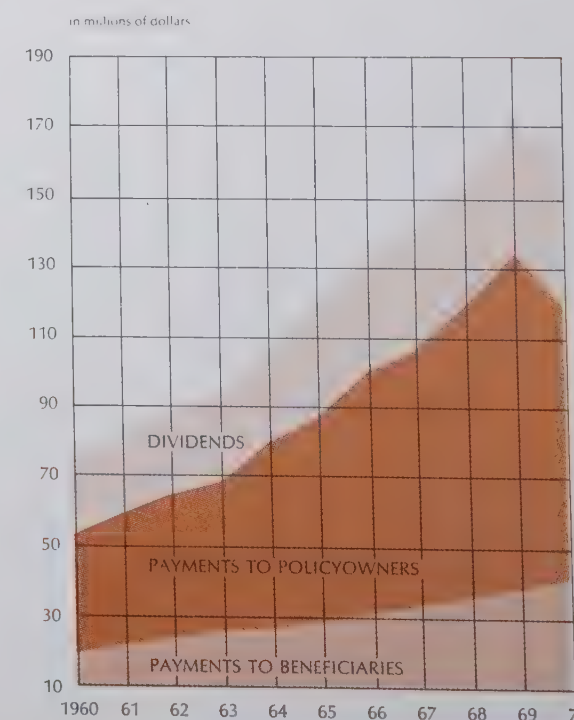
Benefits paid by the Company to policyowners and beneficiaries totalled $160 million, a decrease of $12 million from the previous year. This decrease was largely accounted for by a decline in health insurance payments, which fell from $30 million to $19 million with the growth of the government plans.

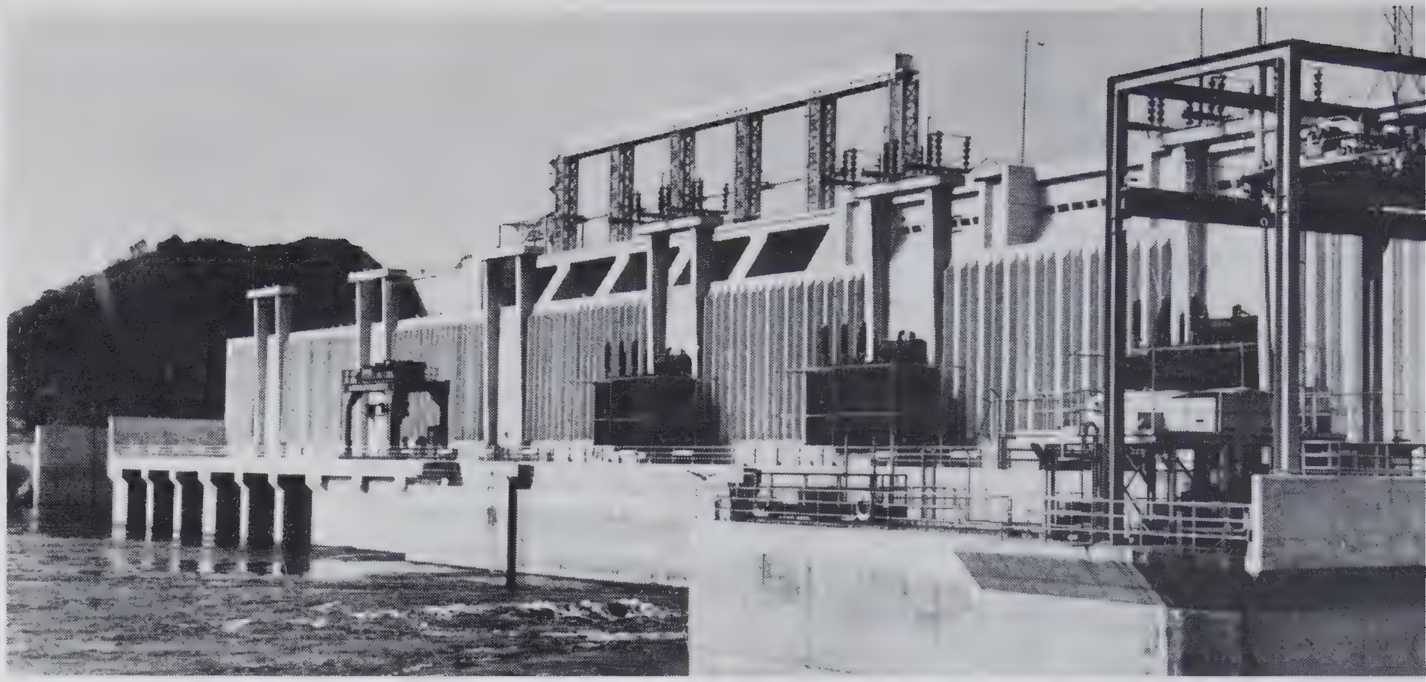
Death benefits totalled $37 million, with mortality running at about the same level as in 1969 for individual policies, and at more favorable levels than in 1969 for group policies. The number of deaths arising from motor vehicle accidents declined signifi-

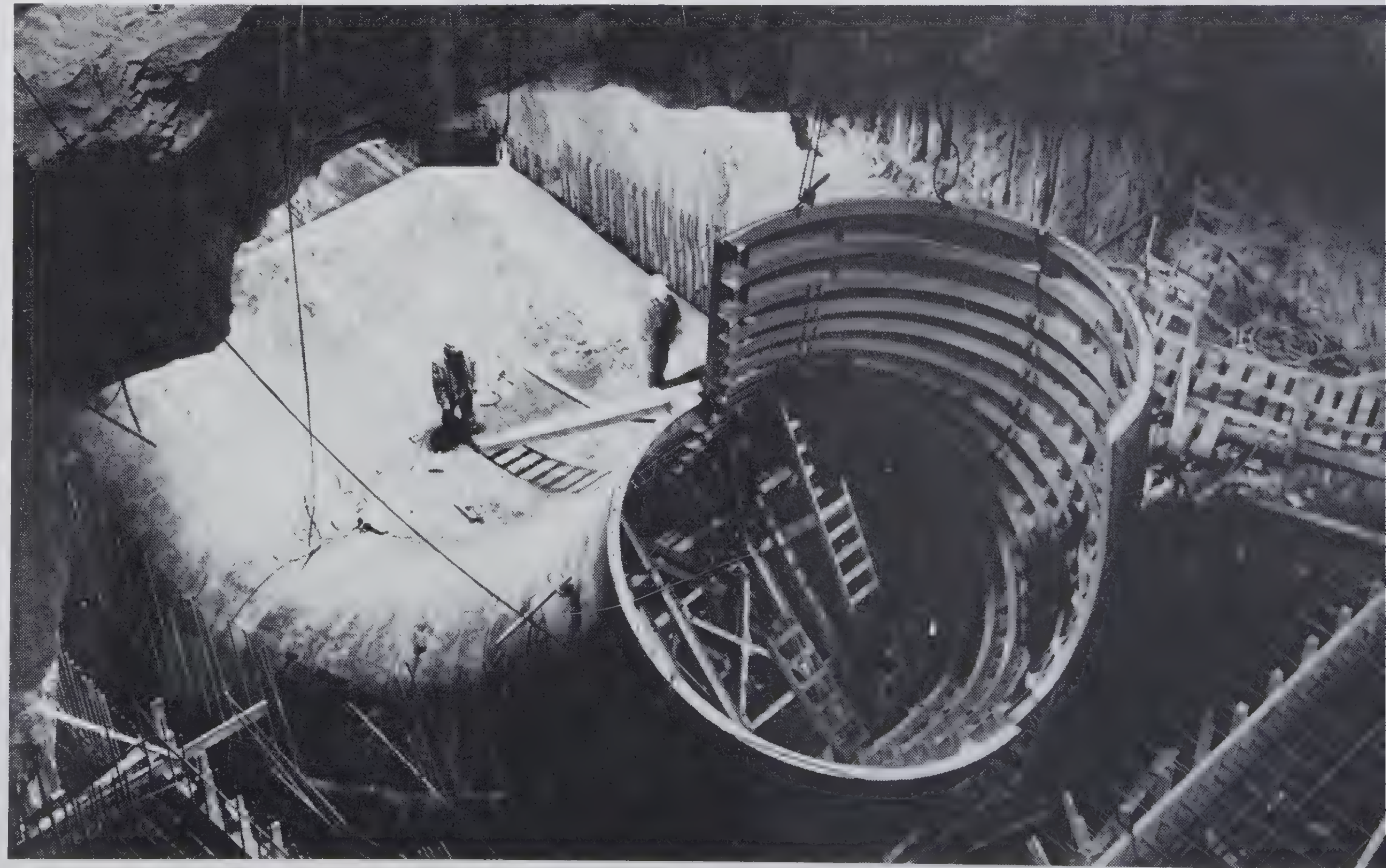
Group Pension Contracts in Force



Benefits Paid to Policyowners and Beneficiaries







London Life pools the monthly, quarterly or annual payments of policyowners, then mobilizes these savings to help build a variety of vital projects. The power developments shown are at Churchill Falls, Labrador and Mactaquac, New Brunswick.

cantly. In the age group 20 to 29 years, motor vehicle accidents accounted for 33% of death claims, compared with 38% in 1969. Similarly, in all age groups combined, motor vehicle accidents accounted for 333 of the 8,905 death claims, compared with 408 of the 8,693 death claims during the previous year.

The vast majority of benefits, $119 million, consisted of payments to living policyowners in the form of dividends, health insurance and disability payments, annuity benefits, and payments for matured endowments, cash surrender values, and interest on policy or contract funds.

Dividends paid to owners of participating policies amounted to more than $39 million. Despite the new federal taxes which came into effect in 1969, London Life will continue the current dividend scale throughout 1971. This is possible, in part, because of higher earnings on investments and favorable mortality experience. Continuation of the dividend scale will mean, in effect, that most policyowners will actually receive somewhat higher dividend payments in 1971 than in 1970.

Assets Reach New High

Assets reached a new high of $1.629 billion at the end of 1970. This represents an increase of $82 million during the year, compared with $62 million the previous year. Net interest earned after investment expenses rose to 6.52% from 6.37%.

During the opening months of 1970, the numbers and amounts of cash surrenders and loans to policyowners increased, thus reducing the availability of funds for new mortgages, bonds and stocks. However, trends such as these levelled off somewhat in the closing months of the year, influenced, no doubt, by improved availability of money and lower interest rates from other lenders.

New mortgage commitments were drastically reduced during the year to $72 million, a decrease of $28 million from 1969. However, because of previous commitments, London Life actually advanced $82 million during the year. Of the Company's total mortgage portfolio of $1.18 billion, more than 97% is now represented by loans on residential real estate. London Life expects to retain its role as one of the largest providers of mortgage money in the nation.

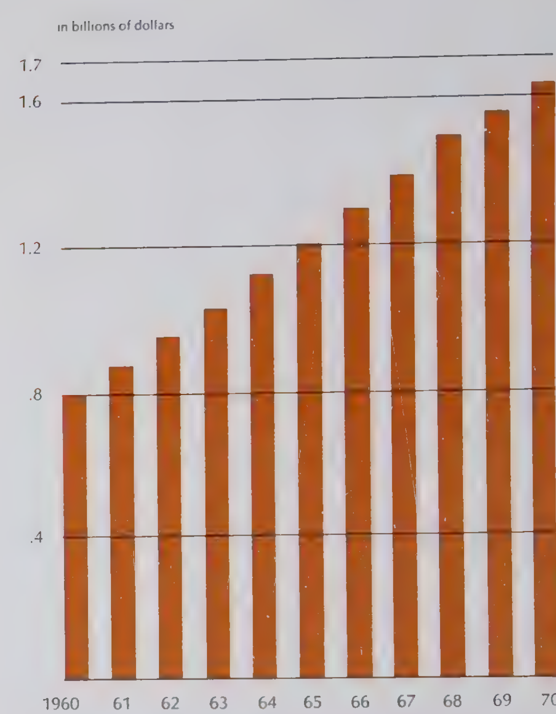
Holdings of bonds and short-term securities increased during the year to $270 million, a gain of more than $26 million. Part of the increase represents an accumulation of funds in short-term securities during the closing months of the year. Some of these funds will therefore be available for longer-term investment in 1971.

New Computer Utility

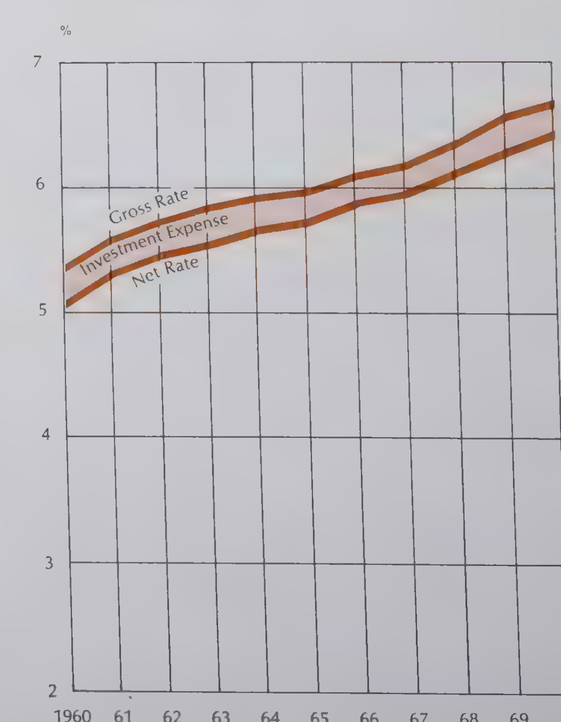
During the year London Life held discussions with The T. Eaton Co. Limited, The Steel Company of Canada, Limited, and TRW, Inc., with a view to forming a new company that would provide services in the fields of computer technology, data processing and environmental systems. The four participants would share equally in the ownership.

Because the new company would consolidate the data processing requirements and related services of the three Canadian partners, it would develop into one of the

Growth in Assets



Interest Rates Earned



largest computer utilities in Canada. Eventually, the company would promote the sale of computer technology and services to other firms. In addition, it would provide such environmental systems as pollution and quality control of air and water, urban development, traffic control, transportation, and health and medical systems.

A building for the new company is now under construction at Sheridan Park, ~~Ontario~~, and completion is scheduled for the autumn of 1971. The bulk of London Life's data processing operations would then be transferred to the centre. Input data will be fed by telecommunications facilities from London to Sheridan Park and after processing, output will be relayed back to the head office of London Life. Because of the high capacity of the central computers, the new operations are expected to enable London Life to further improve its service to customers.

Management Committee

In one of the moves taken during the year to strengthen the management of London Life, five men were added to the management committee. They are M. C. Pryce, vice-president and general manager; W. L. Pollard, vice-president and executive secretary; G. L. Corneil, assistant vice-president and treasurer; T. E. Reid, assistant vice-president, group; and H. M. Ballantyne, secretary.

To enable members of the field staff to meet with senior management and learn about further developments taking place in London Life, informal meetings are being held across the country. In addition to Captain Joseph Jeffery, chairman of the board, the touring management group includes Mr. Pryce; R. W. Peters, vice-president and executive director of marketing; and Mr. Pollard.

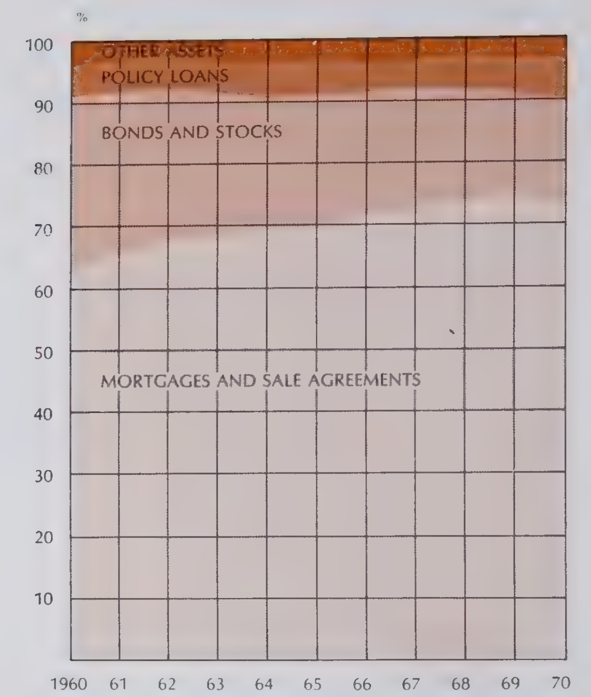
Service Improvements

Conscious of a need to maintain and improve its service commitments, London Life has undertaken a continuing service improvement program. During 1971 a project team of London Life employees, in co-operation with a Canadian management consulting firm, will begin by studying three departments at head office. Other departments will be reviewed later.

In recent decades, services have expanded considerably and in many directions. The Company now serves more than two million Canadians with a product range that has expanded beyond life insurance into such areas as health insurance and pensions. Moreover, mortgage operations have grown to the point where the Company is one of the largest providers of mortgage funds in the nation. As a result, London Life is continuing to evolve into a major financial organization in the broadest sense.

With this in mind, a study has been undertaken on London Life's corporate character. This program is expected to lead to the development of a standard identification that will facilitate enhanced recognition of the Company by the public.

Ten Year Investment History



SENIOR EXECUTIVES

Management Committee

ROBERT H. REID
President

A. W. ANDERSON
Executive Vice-President

M. C. PRYCE
Vice-President and
General Manager

T. E. GILL
Vice-President and Chief Actuary

R. W. PETERS
Vice-President and
Executive Director of Marketing

W. L. POLLARD
Vice-President and
Executive Secretary

G. L. CORNEIL
Assistant Vice-President and
Treasurer

T. E. REID
Assistant Vice-President, Group

H. M. BALLANTYNE
Secretary

Administrative Officers

Actuarial

L. B. FEWSTER
Actuary

R. E. MUNRO
Actuary

C. A. NAYLOR
Actuary

D. S. RUDD
Actuary

Administration,
Regional Offices

L. H. McCONNELL
Administration Executive,
Regional Offices

R. L. LOW
Associate Administration Executive,
Regional Offices

Claims

E. W. KENNEDY
Claims Executive

E. E. HART
Associate Claims Executive

Comptroller's Department

J. C. A. MACDONALD
Comptroller

Group Insurance

A. M. BAYLY
Group Insurance Actuary

Group Pension

G. G. CAMERON
Group Pension Actuary

Information Systems

W. H. THOMSON
Information Systems Executive

Insurance Services

G. A. MacLACHLAN
Insurance Services Executive

Marketing

District Sales Division

G. S. WOOLSEY
Director of Marketing

C. F. BYRON
Associate Director of Marketing

W. H. GLEED
Associate Director of Marketing

•

General Sales Division

D. K. SHALES
Director of Marketing

J. A. FOWLER
Associate Director of Marketing

•

Group Benefits Division

D. E. CREIGHTON
Director of Marketing

•

D. A. SMITH
Director of Administration,
Marketing

Medical

J. S. WINDER, M.D.
Medical Director

D. R. SMITH, M.D.
Associate Medical Director

J. B. WALKER, M.D.
Associate Medical Director

Mortgage

J. A. MILLMAN
Mortgage Executive

R. D. ABERCROMBY
Associate Mortgage Executive

Personnel

O. EADIE
Personnel Executive

Publicity

J. B. CHICK
Publicity Executive

Securities

G. A. GLOIN
Securities Executive

Staff Health

F. S. KENNEDY, M.D.
Staff Health Physician

Underwriting and Issue

W. M. BELL
Underwriting Executive

M. E. COMFORT
Associate Underwriting Executive

FIVE YEARS OF GROWTH

(all dollar amounts stated in thousands)	**1970**	1969	1968	1967	1966
New life insurance issued	**$ 1,193,396**	$ 1,184,220	$ 1,093,467	$ 1,052,522	$ 994,592
Individual policies	**986,761**	959,815	967,622	894,834	848,988
Group policies	**206,635**	224,405	125,844	157,688	145,604
Total life insurance in force	**$11,417,268**	$10,820,297	$10,181,437	$ 9,443,271	$ 8,696,738
Individual policies	**8,780,956**	8,369,438	7,948,408	7,405,714	6,884,407
Group policies	**2,636,312**	2,450,859	2,233,029	2,037,557	1,812,331
Group pension plans in force	**1,557**	1,569	1,628	1,537	1,413
Group health insurance plans	**3,848**	3,713	3,614	3,511	3,447
Mortgage investments	**$ 1,181,468**	$ 1,149,553	$ 1,089,132	$ 1,000,329	$ 925,492
Bonds, debentures and stocks	**285,497**	257,790	270,164	272,417	263,284
Loans on policies	**101,875**	87,191	72,328	63,475	58,806
Total assets	**1,628,857**	1,546,439	1,484,929	1,388,904	1,295,085
Gross earnings on new investments	**8.41%**	8.02%	7.82%	7.15%	6.73%
Gross earnings on total investments	**6.77**	6.64	6.43	6.26	6.16
Net earnings on total investments	**6.52**	6.37	6.18	6.01	5.93
Investment income	**$ 105,529**	$ 98,562	$ 90,830	$ 82,708	$ 75,227
Premium and annuity income	**207,953**	208,131	202,048	189,968	179,877
Total income	**313,482**	306,693	292,878	272,676	255,104
Dividends paid or credited to policyowners	**$ 39,465**	$ 36,858	$ 36,259	$ 34,931	$ 32,080
Death benefits	**37,097**	34,811	32,491	30,749	27,290
Health insurance benefits	**18,908**	29,805	27,137	24,281	22,169
Annuity benefits	**16,651**	20,790	15,812	14,106	18,001
Total benefits paid to policyowners and survivors	**160,263**	171,910	153,802	141,599	134,585
Office and marketing staff	**4,667**	4,643	4,483	4,436	4,413

REGIONAL OFFICES

London Life maintains a network of more than 100 offices across the nation. These offices provide service for both individual and group coverage, and for the administration of London Life's extensive mortgage operations.

British Columbia

New Westminster
Vancouver (5 offices)
Victoria

Alberta

Calgary (4 offices)
Edmonton (3 offices)
Lethbridge
Medicine Hat

Saskatchewan

Moose Jaw
Regina
Saskatoon

Manitoba

Winnipeg (4 offices)

Ontario

Barrie
Belleville
Brampton (2 offices)
Brantford
Brockville
Chatham
Cornwall
Galt
Guelph
Hamilton (4 offices)
Kingston
Kirkland Lake
Kitchener
London (2 offices)
Niagara Falls
North Bay
Oakville
Orillia
Oshawa
Ottawa (3 offices)
Peterborough
St. Catharines
St. Thomas
Sarnia
Sault Ste. Marie
Stratford
Sudbury
Thunder Bay
Timmins
Toronto (15 offices)
Welland
Windsor
Woodstock

Quebec

Montreal (18 offices)
Noranda
Sherbrooke
St. Hyacinthe
Val d'Or

New Brunswick

Moncton
Saint John

Nova Scotia

Glace Bay
Halifax
Middleton
Sydney